

Message Text

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73

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 IO-14 ISO-00 OMB-01 TAR-02

SPC-03 SWF-02 AGR-20 AID-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 DODE-00 DOTE-00 FMC-04 CG-00 COA-02

DLOS-06 L-03 ARA-16 AF-10 PA-04 USIA-15 PRS-01 DRC-01

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R 261458Z MAR 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 4834

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

THE HAGUE 1693

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY WARSAW

AMCONSUL HAMBURG

USUN NEW YORK 221

USMISSION OECD PARIS

C O N F I D E N T I A L GENEVA 1932

PASS FMC FOR CHAIRMAN BENTLEY

E.O. 11652: GDS

TAGS: ETRN, UN, UNCTAD

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SUBJECT: SHIPPING: UN CONFERENCE ON CODE OF CONDUCT FOR

LINER CONFERENCES-CARGO-SHARING

REF: GENEVA 1671 AND 1862

BEGIN SUMMARY: PROSPECTS FOR NEGOTIATION OF CODE WHICH ACCEPTABLE TO US GROWING DIM AS LDCS FORMALLY REJECTED US COMPROMISE CARGO-SHARING PROPOSAL. IT EXPECTED CONFERENCE WILL EXTEND INTO NEXT WEEK TO APRIL 3 OR 6.
END SUMMARY

1. CARGO-SHARING. AS REPORTED REFTELS, US DEL DURING FIRST WEEK CAMPAIGNED INTENSIVELY ON NEED FOR CARGO-SHARING COMPROMISE WITH KEY LDC, GROUP B AND D REPS. WHILE WE RECEIVED CONSIDERABLE ENCOURAGEMENT PRIVATELY FROM SOME GROUP B "PACKETEERS" (THOSE WHO ACCEPTED PRESIDENT'S COMPROMISE PACKAGE OF 1ST SESSION) AND GROUP D SPOKESMAN, WE UNABLE CONVINCE KEY GROUP B NON-PACKETEERS (ESP. UK, NORWAY AND GREECE) TO SUPPORT OUR CONPROMISE APPROACH.

2. PRESIDENT'S GROUP OPENED MARCH 20 WITH HALF-DAY DISCUSSION OF CARGO-SHARING FOCUSSING ON THREE MAIN CONTROVERSIES: CARGO-SHARING FORMULA, REQUIREMENT THAT CARGO-SHARING SCHEME COVER ALL CARGOES CARRIED BY CONFERENCE EXCEPT DEFENSE CARGOES, AND TRANSITIONAL PERIOD BETWEEN ENTRY INTO FORCE AND APPLICATION OF CARGO-SHIPPING PROVISIONS. DISCUSSION CONSISTED MAINLY OF KEY DELS REPEATING KNOW VIEWS. MOST GROUP BS (WITH NOTABLE EXCEPTION OF SPAIN) AND GROUP B SPOKESMAN ARGUED THAT 77 REVISION OF CHAPEAU ON CARGO-SHARING PROVISION TO EXTEND CARGO-SHARING REQUIREMENT TO ALL CONFERENCES, NOT JUST POOLS, WENT BEYOND AGREEMENT IN PRESIDENT'S COMPROMISE PACKAGE. FRANCE TOOK LEAD AMONG SOME GROUP BS IN INSISTING THAT CARGO BASE FOR SHARING FORMULA MUST INCLUDE PREFERENCE, GOVERNMENT-CONTROLLED, AND BILATERAL AGREEMENT CARGOES. JAPAN LED GROUP BS ARGUING FOR TRANSITIONAL PERIOD, E.G. TWO YEARS, WHICH RESISTED BY 77.

3. FOLLOWING FIRST READING OF CONTROVERSIAL ISSUES
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IN PRESIDENT'S GROUP, US TABLED, ON MARCH 22, COMPROMISE PROPOSAL ON CARGO-SHARING. PROPOSAL FOLLOWED TEXT OF LDC LANGUAGE AS MUCH AS POSSIBLE WHILE RETAINING MUCH OF SPIRIT OF US ALTERNATIVE INTRODUCED AT FIRST SESSION. PRINCIPAL FEATURES ARE: BASICALLY OPEN CONFERENCES, WITH SLIGHT ADDITIONAL ENTRY REQUIREMENTS WHERE CARGO-SHARING ARRANGEMENTS EXIST; APPLICATION OF CARGO-SHARING FORMULA ONLY WHERE CARGO-SHARING ARRANGE-

MENTS EXIST IN CONFERENCES; CARGO-SHARING FORMULA PROVIDING RIGHT TO NATIONAL SHIPPLING LINES TO EQUAL AND SUBSTANTIAL SHARE OF CARRIAGE OF BILATERAL CARGOES, WITH SIGNIFICANT SHARE FOR THIRD-COUNTRY LINES; DETERMINATION OF ACTUAL PERCENTAGES TO BE BASED ON NEGOTIATIONS AMONG MEMBER LINES, TAKING INTO ACCOUNT CERTAIN ADDITIONAL COMMERCIAL CRITERIA, E.G. TONNAGE AVAILABLE, TRADE GROWTH PROSPECTS, ETC.

4. PRESIDENT'S GROUP SPENT ONE HOUR SATURDAY, MARCH 23, DISCUSSING US PROPOSAL, 77 SPOKESMAN (RAJWAR OF INDIA), ALTHOUGH HIGHLY COMPLEMENTARY OF US EFFORT AND MOTIVATION IN SEEKING COMPROMISE, FIRMLY REJECTED IT. HE SPECIFICALLY MENTIONED LACK OF 20 PERCENT FIGURE (FOR THIRD COUNTRY LINES, BUT INCLUSION OF WHICH EQUATES TO 40-40-20) AND INSERTION OF COMMERCIAL NEGOTIATIONS PROVISION AS PLACING PROPOSAL OUTSIDE PARAMETERS OF PRESIDENT'S COMPROMISE PACKAGE AND THEREFORE UNACCEPTABLE. IN EXTREMELY HELPFUL INTERVENTIONS DE GROOT (GROUP B SKOPESMAN, NETHERLANDS), SPEAKING ON BEHALF OF SOME GROUP B COUNTRIES, AND DAMBROWSKI (POLAND), STATED THAT, ALTHOUGH THEY WERE "PACKETEERS," THEY WILLING TO SERIOUSLY CONSIDER US PROPOSAL, DE GROOT ON BASIS IT PERMISSIBLE INTERPREATION OF PRESIDENT'S PACKAGE AND DAMBROWSKI ON BASIS THIS MIGHT BE AGREEABLE TO 77. RAJWAR REFUSED TO RECONSIDER. ONLY OTHER SPEAKER WAS FRENCH REP WHO MADE UNHELPFUL INTERVENTION. GENERAL ATMOSPHERE WAS ONE OF APPRECIATION FOR US EFFORT.

5. ROLE OF OUTSIDERS. AFTER CONSIDERABLE DISCUSSION OF OUTSIDERS (INDEPENDENT, I.E. NON-CONFERENCE SHIPPING LINES) IN PRESIDENT'S GROUP, COMPROMISE IS SHARING UP WHICH WOULD A) SEEK TO MAINTAIN FAIR COMPETITION BE-
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TWEEN CONFERENCE AND OUTSIDERS AND THEREFORE INDIRECTLY ASSURE SOME RIGHT OF EXISTENCE OF LATTER, AND B) IMPOSE CERTAIN REQUIREMENTS, ESP. IN FREIGHT RATE AREA, ON OUTSIDERS. 77 PLAYING SOMEWHAT PASSIVE ROLE TO AVOID ANTAGONIZING GROUP D WHICH WISHES TO AVOID RESTRICTIONS ON OUTSIDERS. MOST ACTIVE DEBATE HAS BEEN AMONG GROUP B COUNTRIES. WHILE ALL WISH TO ASSURE CONTINUED EXISTENCE OF OUTSIDERS, NORDICS, UK, CANADA AND GREECE STRONGLY OPPOSE INCLUSION IN CODE OF LIMITATIONS ON OUTSIDERS WHILE CONTINENTAL EUROPEANS, JAPAN AND US FAVOR VARYING DEGREES OF REGULATION. THIS ISSUE NOT YET DECIDED.

6. PROSPECTS FOR US. WITH CATEGORICAL REJECTION OF US COMPROMISE ON CARGO-SHARING, PROSPECTS FOR NEGOTIATION OF

CODE ACCEPTABLE TO US HAVE DIMMED CONSIDERABLY.
THERE ARE ALSO OTHER STILL-DISAGREED PROVISIONS IN CODE
(FREIGHT RATES, MEMBERSHIP, ADEQUACY OF CONFERENCE SERVICE
EQUIPMENT, LENGTHY MANDATORY CONCILIATION PROCEDURES)
WHICH ALSO GIVE U
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Message Attributes

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